

ADVANCED MICRO DEVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Millions except per share amounts and percentages)

	Quarter Ended			Six Months Ended	
	June 30, 2007 (Unaudited)	March 31, 2007 (Unaudited)	July 2, 2006 (Unaudited)	June 30, 2007 (Unaudited)	July 2, 2006 (Unaudited)
Net revenue	\$ 1,378	\$ 1,233	\$ 1,216	\$ 2,611	\$ 2,548
Cost of sales	917	886	526	1,803	1,079
Gross margin	461	347	690	808	1,469
Gross margin %	33.5%	28.1%	56.7%	30.9%	57.7%
Research and development	475	432	279	907	543
Marketing, general and administrative	365	335	309	700	565
Amortization of acquired intangible assets and integration charges	78	84	-	162	-
Operating income (loss)	(457)	(504)	102	(961)	361
Interest income	19	16	35	35	63
Interest expense	(99)	(78)	(18)	(177)	(41)
Other income (expense), net	(9)	2	7	(7)	(13)
Income (loss) before minority interest, equity in net loss of Spansion Inc. and other and income taxes	(546)	(564)	126	(1,110)	370
Minority interest in consolidated subsidiaries	(9)	(8)	(7)	(17)	(13)
Equity in net loss of Spansion Inc. and other	(13)	(16)	(12)	(29)	(30)
Income (loss) before income taxes	(568)	(588)	107	(1,156)	327
Provision (benefit) for income taxes	32	23	18	55	53
Net income (loss)	\$ (600)	\$ (611)	\$ 89	\$ (1,211)	\$ 274
Net income (loss) per common share					
Basic	\$ (1.09)	\$ (1.11)	\$ 0.18	\$ (2.20)	\$ 0.58
Diluted	\$ (1.09)	\$ (1.11)	\$ 0.18	\$ (2.20)	\$ 0.55
Shares used in per share calculation					
Basic	552	549	485	550	474
Diluted	552	549	500	550	498

ADVANCED MICRO DEVICES, INC.
CONSOLIDATED BALANCE SHEETS
(Millions)

	June 30, 2007 (Unaudited)	March 31, 2007 (Unaudited)	December 31, 2006*
Assets			
Current assets:			
Cash, cash equivalents and marketable securities	\$ 1,594	\$ 1,167	\$ 1,541
Accounts receivable, net	648	667	1,140
Inventories	892	938	814
Prepaid expenses and other current assets	410	344	443
Deferred income taxes	54	71	25
Total current assets	3,598	3,187	3,963
Property, plant and equipment, net	4,575	4,405	3,987
Goodwill	3,180	3,186	3,217
Net investment in Spansion Inc.	326	345	371
Acquisition related intangible assets, net	1,065	1,136	1,207
Other assets	480	453	402
Total Assets	\$ 13,224	\$ 12,712	\$ 13,147
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 985	\$ 1,365	\$ 1,338
Accrued compensation and benefits	192	160	177
Accrued liabilities	768	719	716
Deferred income on shipments to distributors	92	181	169
Current portion of long-term debt and capital lease obligations	219	182	125
Other current liabilities	220	304	327
Total current liabilities	2,476	2,911	2,852
Deferred income taxes	56	43	31
Long-term debt and capital lease obligations, less current portion	5,318	3,659	3,672
Other long-term liabilities	610	591	517
Minority interest in consolidated subsidiaries	292	303	290
Stockholders' equity:			
Capital stock:			
Common stock, par value	6	6	5
Capital in excess of par value	5,237	5,372	5,316
Retained (deficit) earnings	(932)	(332)	308
Accumulated other comprehensive income	161	159	156
Total stockholders' equity	4,472	5,205	5,785
Total Liabilities and Stockholders' Equity	\$ 13,224	\$ 12,712	\$ 13,147

* Derived from the December 31, 2006 Audited Financial Statements of Advanced Micro Devices, Inc.

ADVANCED MICRO DEVICES, INC.
SELECTED CORPORATE DATA
(Unaudited)
(Millions except headcount and percentages)

Segment Information (1)	Quarter Ended			Six Months Ended	
	June 30, 2007	March 31, 2007	July 2, 2006	June 30, 2007	July 2, 2006
Computing Solutions (2)					
Net revenue	\$ 1,098	\$ 918	\$ 1,216	\$ 2,016	\$ 2,553
Operating income (loss)	\$ (258)	\$ (321)	\$ 136	\$ (579)	\$ 448
Graphics (3)					
Net revenue	195	197	-	392	-
Operating income (loss)	(50)	(35)	-	(85)	-
Consumer Electronics (4)					
Net revenue	85	118	-	203	-
Operating income (loss)	(22)	(4)	-	(26)	-
All Other (5)					
Net revenue	-	-	-	-	(5)
Operating income (loss)	(127)	(144)	(34)	(271)	(87)
Total AMD					
Net revenue	\$ 1,378	\$ 1,233	\$ 1,216	\$ 2,611	\$ 2,548
Operating income (loss)	\$ (457)	\$ (504)	\$ 102	\$ (961)	\$ 361
Other Data					
Depreciation & amortization (excluding amortization of acquired intangible assets)	\$ 255	\$ 243	\$ 193	\$ 498	\$ 367
Capital additions	\$ 414	\$ 586	\$ 455	\$ 1,000	\$ 765
Headcount	16,719	16,745	10,967	16,719	10,967
Adjusted EBITDA (6)	\$ (143)	\$ (196)	\$ 318	\$ (339)	\$ 735

- (1) Starting in Q406, the Company no longer allocates employee stock-based compensation and profit sharing expenses to its segments. These expenses are recorded in the All Other category. Prior period information has been restated to conform to current period presentation.
- (2) Computing Solutions segment includes what was formerly the Computation Products segment and the Embedded Products segment as well as revenue from sales of chipsets sold by ATI prior to AMD's acquisition of ATI.
- (3) Graphics segment includes 3D graphics, video and multimedia products developed for use in desktop and notebook computers, including home media PCs, professional workstations and servers.
- (4) Consumer Electronics segment includes products and revenue related to mobile phones and PDAs, digital televisions and other consumer electronics and revenue from royalties received in connection with sales of game console systems that incorporate the Company's products.
- (5) All Other category includes employee stock-based compensation expense, profit sharing expense, certain operating expenses and credits that are not allocated to the operating segments, and Personal Internet Communicator (PIC) related activities in Q206 and for six months ended Q206. Also included in this category are the ATI acquisition-related and integration charges incurred in Q207 and Q107 and severance charges incurred in Q207. Details of the ATI acquisition-related, integration and severance charges and employee stock-based compensation expense are shown below.

ATI acquisition-related, integration and severance charges:

	<u>Q207</u>	<u>Q107</u>
Amortization of acquired intangible assets	\$ 71	\$ 71
Integration charges	7	13
Subtotal	78	84
Cost of fair value adjustment of acquired inventory	-	29
ATI acquisition-related and integration charges	\$ 78	\$ 113
Severance	\$ 16	\$ -
Total	\$ 94	\$ 113

Employee stock-based compensation expense:

	<u>Q207</u>	<u>Q107</u>	<u>Q206</u>
Cost of sales	\$ 2	\$ 2	\$ 2
Research and development	14	14	7
Marketing, general and administrative	15	12	9
	\$ 31	\$ 28	\$ 18

(6) Reconciliation of Net income (loss) to Adjusted EBITDA*

	<u>Q207</u>	<u>Q107</u>	<u>Q206</u>
Net income (loss)	\$ (600)	\$ (611)	\$ 89
Depreciation and amortization	255	243	193
Amortization of acquired intangible assets	71	71	-
Interest expense	99	78	18
Provision (benefit) for income taxes	32	23	18
Adjusted EBITDA	\$ (143)	\$ (196)	\$ 318

* The Company defines Adjusted EBITDA as net income (loss) adjusted for depreciation and amortization, amortization of acquired intangible assets, interest expense and taxes. The Company calculated and communicated Adjusted EBITDA because management believes it is of interest to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the U.S. GAAP operating measure of net income or U.S. GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows.